

Message Text

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TO AMEMBASSY LONDON IMMEDIATE

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NODIS

E.O. 11652: GDS

TAGS:PARM, TECH, IN

SUBJECT:NON-PROLIFERATION: INDIA

FOR GELB ONLY FROM BARTHOLOMEW; EMBASSY NOTIFY GELB
IMMEDIATELY ON ARRIVAL LONDON

1. UK EMBASSY HAS ASKED IF YOU WOULD BE PREPARED TO HAVE
GENERAL EXCHANGE OF VIEWS ON NON-PROLIFERATION QUESTIONS
IN ADDITION TO OTHER TOPICS YOU WILL BE DISCUSSING WITH
MOBERLEY. AS RELAYED TO US, REQUEST SEEMS TO CENTER ON
INDIAN NUCLEAR QUESTION BUT MAY ALSO INCLUDE NON-PRO-
LIFERATION TOUR D'HORIZON. PURPOSE OF THIS MESSAGE IS TO
REVIEW BACKGROUND AND CURRENT STATUS OF US/INDIAN NUCLEAR
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RELATIONS; SEPTEL PROVIDES REVIEW OF OTHER MAJOR QUESTIONS
MOBERLEY MAY RAISE IN THIS AREA. BECAUSE OF LAST-MINUTE
NATURE OF BRITISH REQUEST, WE HAVE BEEN UNABLE TO CLEAR
THESE MESSAGES FULLY WITHIN DEPARTMENT; MORE SENSITIVE
POINTS, MARKED FYI, ARE FOR YOUR BACKGROUND ONLY, AND NOT
FOR DIRECT USE IN TALKS.

2. US NUCLEAR SUPPLY TO INDIA IS CURRENTLY LIMITED TO
SUPPLY OF LOW-ENRICHED URANIUM (LEU) TO FUEL US-SUPPLIED
TARAPUR REACTORS. LEU IS FABRICATED INTO FUEL RODS IN
INDIA. UNDER US/INDIA AGREEMENT OF 1963, WE ARE OBLIGATED

TO PROVIDE FUEL FOR TARAPUR UNTIL 1993, AND IN TURN INDIANS ARE BOUND TO USE US-SUPPLIED FUEL ONLY IN TARAPUR REACTORS AND TO ACCEPT IAEA SAFEGUARDS ON THE FUEL. AGREE-MENT PROVIDES FOR US OPTION TO BUY BACK SPENT FUEL (WHICH WE HAVE NOT EXERCISED), AND FOR US TO DETERMINE THAT ANY FACILITY IN WHICH SUCH FUEL MAY BE REPROCESSED IS SAFE-GUARDABLE. SPENT FUEL STORAGE POND AT REACTOR SITE IS NEARLY FULL; GOI HAS COMPLETED REPROCESSING PLANT NEARBY BUT US HAS THUS FAR NOT MADE SAFEGUARDABILITY DETERMINATION.

3. THERE ARE TWO ISSUES IMMEDIATELY SIGNIFICANT TO OUR NUCLEAR RELATIONS WITH INDIA:

-- WHETHER AND UNDER WHAT TERMS WE WILL SHIP THE NEXT SCHEDULED INCREMENT OF FUEL FOR THE US-SUPPLIED TARAPUR REACTORS, AND

-- STEPS TO BE TAKEN ON DISPOSITION OF US-ORIGIN SPENT FUEL ALREADY DISCHARGED FROM THESE REACTORS.

THESE PROBLEMS ARE LINKED IN THAT ONE OBSTACLE TO NRC CLEARANCE OF THE FUEL SHIPMENT HAS BEEN LACK OF CLEAR PLANS FOR DISPOSING OF SPENT FUEL IN WAYS THAT WOULD GUARANTEE IT NOT BE USED IN ANY NUCLEAR EXPLOSION--WHICH ESSENTIALLY MEANS "NO REPROCESSING."

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4. THE NRC APPROVED AN EXPORT LICENSE FOR NUCLEAR FUEL LAST JUNE IN THE FACE OF DISSENT WITHIN THE COMMISSION BASED ON LACK OF CONFIDENCE THAT SATISFACTORY SAFEGUARDS WOULD BE MAINTAINED AND THAT ADEQUATE REPROCESSING CONTROLS COULD BE WORKED OUT. SUBSEQUENTLY, AS PART OF THE REQUIREMENTS FOR RELEASE OF THE NEXT SHIPMENT, NEGOTIATIONS ON "BUY-BACK" OF US-ORIGIN SPENT FUEL BEGAN WITH THE INDIANS, US ASSISTANCE FOR ENHANCING STORAGE CAPACITY IN TARAPUR'S CONGESTED TEMPORARY STORAGE PONDS IS NEARING THE IMPLEMENTATION STAGE, AND WE NOW PLAN TO HAVE CONCRETE PROPOSALS FOR LONGER-TERM SOLUTIONS READY FOR DISCUSSIONS THIS FALL. MEANWHILE, THE INDIANS HAVE MAINTAINED OPERATIONS IN THEIR FUEL FABRICATION PLANT SINCE FEBRUARY BY USING SCRAP TO MAKE NEW FUEL ASSEMBLIES. NORMAL AND PRUDENT FUEL OPERATIONS REQUIRE ARRIVAL OF THE PENDING US SHIPMENT BY THE END OF THIS MONTH, THOUGH EXTRAORDINARY MEASURES OF VARYING DEGREES OF SEVERITY COULD PERMIT FUEL OPERATIONS THROUGH MID-AUGUST AND REACTOR FUNCTIONING EVEN INTO NEXT YEAR.

IN LIGHT OF ENCOURAGING SIGNS OF A CHANGE IN INDIA'S NUCLEAR ATTITUDES FOLLOWING THE RECENT CHANGE IN GOVERNMENT,

AND IN VIEW OF ENHANCED PROSPECTS FOR BETTER RELATIONS GENERALLY WITH THE NEW GOVERNMENT, WE WANT TO BE AS FORTH-

COMING AS US NON-PROLIFERATION INTERESTS PERMIT IN SUPPLY-
ING THE NEXT INCREMENT OF FUEL FOR TARAPUR.

5. OVERLAYING THESE IMMEDIATE PROBLEMS IS THE GENERAL
ISSUE OF FUTURE US-INDIAN NUCLEAR RELATIONS. IN BROADEST
TERMS, QUESTION IS WHETHER ANY CONTINUED NUCLEAR TRANSFERS
ON TERMS ACCEPTABLE TO INDIA CAN BE MADE COMPATIBLE WITH
US-NON-PROLIFERATION POLICY AS IT HAS DEVELOPED IN THE WAKE
OF INDIA'S 1974 TEST (WHICH USED MATERIAL PRODUCED WITH
THE HELP OF US-SUPPLIED HEAVY WATER), AND THE OPPOSING
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PROBLEM OF WHETHER ANY PROSPECT FOR SUCCESSFULLY
ENCOURAGING DEVELOPMENT OF RESPONSIBLE INDIAN NUCLEAR
POLICIES (ESPECIALLY IN LIGHT OF HER NASCENT EXPORT
POTENTIAL) WOULD BE POSSIBLE IF US ABANDONS LEVERAGE
PROVIDED BY TARAPUR FUEL SUPPLY.

6. DILEMMA NOW FACING US IS THAT CONDITIONING INTERIM
SHIPMENT UPON GOI ACCEPTANCE OF ADDITIONAL NON-PRO-
LIFERATION CONSTRAINTS MAY BE REGARDED BY NEW GOVERNMENT
AS UNACCEPTABLE PRESSURE, AND DESTROY POSSIBILITIES
FOR NEGOTIATED SOLUTION AT OUTSET. BUT SHIPMENT WITHOUT
ADDITIONAL ASSURANCES COULD BE SEEN AS INCONSISTENT WITH
OVERALL US POLICY, PREJUDICE OTHER NUCLEAR NEGOTIATIONS,
AND HARDEN ATTITUDES ON HILL AT TIME WHEN WE ATTEMPTING
TO PRODUCE WORKABLE LEGISLATION.

7. FYI ONLY. PRESIDENT IS NOW CONSIDERING DRAFT
INSTRUCTIONS TO AMBASSADOR GOHEEN TO RAISE MATTER WITH
PRIME MINISTER DESAI AND SEEK HIS PERSONAL ASSURANCE
THAT (1) IAEA SAFEGUARDS WILL BE MAINTAINED OVER US FUEL,
AND THAT (2) NO U.S. MATERIAL WILL BE USED IN A NUCLEAR
EXPLOSIVE. GIVEN THOSE ASSURANCES AND GOI WILLINGNESS
TO ENTER INTO NEGOTIATIONS ON BOTH TECHNICAL AND BROADER
NON-PROLIFERATION QUESTIONS, EXECUTIVE BRANCH IS PREPARED
TO RECOMMEND APPROVAL OF PENDING LICENSE BY NRC. GOHEEN
WOULD SPELL OUT OUR EXPECTATIONS IN PROJECTED NEGOTIATIONS
IN FOLLOW-UP MEETING WITH FOREIGN SECRETARY, MAKING CLEAR
THAT PRACTICAL CONSEQUENCE OF A SECOND INDIAN EXPLOSION
WOULD INEVITABLY BE TERMINATION OF US NUCLEAR COOPERATION.
NEGOTIATIONS WOULD SEEK:

-- FIRM ARRANGEMENTS FOR DISPOSITION OF US SPENT FUEL,

-- CONTINUATION OF SAFEGUARDS ON TARAPUR EVEN IF

BILATERAL AGREEMENT SHOULD BE TERMINATED,
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-- RESOLUTION OF HEAVY WATER QUESTION(GOI HAS US-ORIGIN
HEAVY WATER IN CIRUS AND RAPP II REACTORS; CIRUS IS UN-
SAFEGUARDED AND WE ARE CONCERNED THAT GOI COULD WITHDRAW
SAFEGUARDS ON RAPP II BECAUSE OF CANADIAN UNILATERAL
TERMINATION.)

LONGER RANGE OBJECTIVES IN NEGOTIATIONS ARE:

-- INDIAN TERMINATION OF TEST PROGRAM (POSSIBLY THROUGH
CTB),

-- EXTENSION OF SAFEGUARDS COVERAGE TO ALL INDIAN
NUCLEAR FACILITIES,

-- ADOPTION OF INDIAN EXPORT POLICIES PARALLELING
THOSE OF LONDON GUIDELINES,

-- INDIAN PARTICIPATION IN INFCEP. END FYI.

8. RECOMMEND THAT YOU TAKE LINE WITH MOBERLEY THAT NO
DECISIONS HAVE YET BEEN TAKEN ON INTERIM SHIPMENT
OR LONG-TERM COOPERATION, BUT DISCUSS SOME OF POINTS IN
DRAFT INSTRUCTION OUTLINED ABOVE AS POSSIBLE OPTIONS WE
HAVE UNDER CONSIDERATION. ON PERSONAL BASIS, YOU MIGHT
SAY THAT SOME OF THE LONG-TERM OBJECTIVES SUCH AS FULL-
SCOPE SAFEGUARDS ARE PROBABLY NON-NEGOTIABLE WITH GOI;
YET CONTINUED COOPERATION WITHOUT THEM WOULD BE CONTRARY
TO OUR OVERALL POLICY AND POSSIBLY TO LEGISLATION
WHICH MAY EMERGE. FACT OF NEW GOVERNMENT IN DELHI AND
SOME OF DESAI'S INITIAL STATEMENTS ENCOURAGE US TO TRY
HARD FOR SATISFACTORY OUTCOME, AND US RECOGNIZES
HIGH STAKES AT RISK IF WE FAIL.

YOU MIGHT SEEK MOBERLEY'S VIEWS OF PROSPECTS FOR
ACHIEVING OUR OBJECTIVES, AND OFWAYS TO EXPLOIT INTERNAL
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DYNAMICS OF NEW GOVERNMENT TOWARD THAT END. VANCE

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